



**MARICOPA
INTEGRATED
HEALTH SYSTEM**

Count on us to care.

Maricopa Medical Center
2601 E. Roosevelt St.
Phoenix, AZ 85008
(602) 344-5011

**Desert Vista Behavioral
Health Center**
570 W. Brown Rd.
Mesa, AZ 85201
(480) 344-2000

MIHS Health Plans
• HealthSelect
• Maricopa Health Plan
• Maricopa Long Term Care Plan
• Maricopa Senior Select Plan
2502 E. University Dr., #125
Phoenix, AZ 85034
(602) 344-8700

**Maricopa Home Health
Care / Attendant Care**
2611 E. Pierce St.
Phoenix, AZ 85008
(602) 344-2600

**Arizona Integrated
Pharmacy**
2611 E. Pierce St.
Phoenix, AZ 85008
(602) 344-2500

**Comprehensive
Healthcare Center**
2525 E. Roosevelt St.
Phoenix, AZ 85008
(602) 344-1015

Family Health Centers

Avondale
(623) 344-6800

Chandler
(480) 344-6100

El Mirage
(623) 344-6500

Glendale
(623) 344-6700

Guadalupe
(480) 344-6000

Maryvale
(602) 344-6900

McDowell
(602) 344-6550

Mesa
(480) 344-6200

Scottsdale
(480) 344-6050

Seventh Avenue
(602) 344-6600

South Central
(602) 344-6400

Sunnyslope
(602) 344-6300

October 21, 2003

Debbie Davenport Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

In response to your management letter for the year ended June 30, 2003, our responses are as follows:

Recommendation 1

The Plans re-implemented the claims processing system on October 14, 2003. This included updating covered benefits, loading revised claims processing rules, updating master tables, and a review of all system control records. A formal testing plan is in place and it is anticipated that the testing of processing accuracy will be completed by early November 2003. Immediate improvement of payment timeliness and accuracy will result from these actions.

The historical authorization data has been corrected to reflect the proper authorized services in conjunction with the re-implementation discussed above. To ensure the accuracy of future claims payments, the Plans have revised their authorization procedures so that the proper data is completed in the case management system thus allowing the information to seamlessly and accurately pass into the claims system thereby significantly reducing the potential for overpayment of benefits.

With regard to reporting paid claims (a.k.a encounters) to AHCCCS, the Plans have identified the most costly and frequent errors and are currently working to resolve these errors. The Plans are evaluating the feasibility of instituting claims processing edits that are aligned with AHCCCS' encounter data edits. This will reduce the number of errant claims that are accepted by the Plan's system that are subsequently denied by AHCCCS. Additionally, the Plans have developed an Encounter Data Task Force to meet regularly to strengthen focus on tasks and deliverables related to encounter data submission, validation and error recovery processes with AHCCCS. The Encounter Data Task Force will be co-chaired and represented by leadership and staff from MIHS' Information Technology and Claims Departments.

Recommendation 2

The Plans adopted a record retention policy effective October 6, 2003 which provides for retention of all claims and supporting documentation a minimum of three years subsequent to receipt.

Should you have any further questions, please let me know.

Patrick Walz
Chief Financial Officer